ANNUAL REPORT

1983

The Public Utilities Board

THE PUBLIC UTILITIES BOARD

ANNUAL REPORT

FOR THE YEAR ENDING
DECEMBER 31, 1983

To the Honourable Roland Penner, Q.C.,
Minister of Consumer and Corporate Affairs,
104 Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Sir:

Section 109(1) of The Public Utilities Board Act (CAP. P280, R.S.M. 1970) directs that the Manitoba Public Utilities Board

> "...shall, on or before the first day of March in each year, transmit to the Minister a report for the year ending the thirty-first day of December in the last preceding year..."

including therein summaries and statistics pertaining to all findings and activities of the Board.

Section 109(2) of The Public Utilities Board Act (CAP. P280, R.S.M. 1970) directs that the Report of the Board thus transmitted to the Minister

> "...shall be submitted to the Legislature if it then is in session and, if not, at the next session thereof."

Pursuant to the provisions of Section 109(1) of the Act, I am pleased to transmit to you as Minister under the Act, the Twenty-Fourth Annual Report of the Manitoba Public Utilities Board, pertaining to the year ending on the thirty-first day of December, 1983, on behalf of those Members named below who comprised the Board for the period covered by this Report.

The Board has now discharged its responsibilities in all particulars pursuant to Section 109(1) of The Public Utilities Board Act.

Respectfully transmitted, this 29th day of February, 1984.

Yours very truly,

Oscar Tonn

Oscar Tonn,
Acting Chairman.

J.D. McNairnay, Q.C. - Chairman, Retired as of June 30, 1983

Rudy Schilling - Member

Vic Savino - Member

Susan Proven - Member

G.O. Barron - Secretary

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RESPONSIBILITIES

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The Board is responsible for the regulation of public utilities as defined under The Public Utilities Board Act in all matters and in such manner as set out in that legislation. Several other enactments which assign regulatory or adjudicative responsibilities to the Board are:

The Greater Winnipeg Gas Distribution Act
The Gas Pipe Line Act
The Gas Storage and Allocation Act
The Prearranged Funeral Services Act
The Cemeteries Act
* The Municipal Act (Local Utilities and Street Lighting)
The Manitoba Water Services Board Act (Appeals)
The Highways Protection Act (Appeals)
The Liquor Control Act (Wholesale Beer Prices)
The Manitoba Telephone Act
The Manitoba Hydro Act (Appeals, Reference)

The Board is also charged by Orders-in-Council relating to a Canada-Manitoba Agreement to adjudicate certain disputes arising between the Manitoba Telephone System and licensed Cable Television Operators.

* A recent amendment to The Municipal Act removed the Board's jurisdiction with respect to the approval of street lighting contracts entered into by a Municipality and Manitoba Hydro.

BOARD PERSONNEL

For the first 6 months of 1983 the Board consisted of 5 Members as listed below. On June 30, 1983 Mr. J. D. McNairnay retired and Mr. O. Tonn became Acting Chairman.

Chairman of the Board (retired June 30, 1983)	Mr. J. D. McNairnay, Q. C.
Member, Acting Chairman	Mr. O. Tonn
Member	Mr. R. Schilling
Member	Mrs. S. Proven
Member	Mr. V. Savino
Executive Secretary	Mr. G. O. Barron
Associate Secretary	Mr. D. C. deGraff

Professional, technical and expert assistance is regularly available to the Board, as authorized by statute and/or by Order-in-Council in respect of the appropriate statutory provisions in The Public Utilities Board Act. Such legal, engineering, accounting and other professional or technical staff support at service to the Board is by statute wholly and exclusively under Board direction in respect of that service. These resources are drawn up on an "as needed" basis and paid fees set by Order-in-Council on an "as utilized" basis, plus expenses, with such disbursements being recoverable from the entities regulated or applying to the Board for service or adjudication. The Board is empowered by statute (The Public Utilities Board Act) to secure such other assistance as it deems appropriate in the process of adjudication, with the related disbursements, if any, being charged directly to the parties as the Board may determine.

BOARD MEETINGS AND HEARINGS

A total of 62 Board meetings and public hearings were held in 1983:

Board Meetings	27
Public Hearings	35

ORDERS ISSUED

During the year ending December 31, 1983, 233 Orders were issued, as follows:

Public Utilities	223
Highways Protection Act	10

Note: Copies of the decisions of The Public Utilities of Manitoba are available from the Board's offices upon request.

Public Utilities Orders

Municipal Street Lighting Contracts with Manitoba Hydro	35
Water and Sewer Utilities	101
Gas Utilities	26
Manitoba Telephone System	54
Liquor Control Act	6
The Gas Pipe Line Act	1
Transit	1

Highways Protection Act Orders

Appeals	10

NATURAL GAS DISTRIBUTION UTILITIES

BACKGROUND

In 1983 the natural gas customer received a reprieve from the continued escalation in the cost of natural gas as a result of the Federal Government's announcements that on February 1st and again on August 1st, 1983 that the Federal Excise Tax rate which includes the Natural Gas and Gas Liquids Tax and the Canadian Ownership Charge was being reduced in order that the overall cost of gas at the Toronto City Gate would remain at 65% of the price of oil.

Concurrent with the reduction in Federal Excise Tax, the cost of gas continued to rise as a result of an increase in the Alberta Border Price pursuant to the Memorandum of Agreement between the Government of Canada and the Province of Alberta (dated September 1, 1981) and an increase in the transportation tolls of TransCanada PipeLines whose rates are approved by the National Energy Board.

As a result the consumers in the Province of Manitoba experienced a small increase in their cost of gas on March 1st and a small decrease on September 1, 1983.

Before these adjustments can be passed through to customers, The Public Utilities Board Act requires approval by The Public Utilities Board and the Board must be satisfied that these costs warrant being passed on to the customers and determine whether the utility can absorb some or all of the cost. In recent years, all such cost increases have been passed on to the customers.

A second reason for increasing natural gas prices is the revenue require by the gas utilities to operate their companies; raise necessary capital and provide safe and efficient service to customers. As demonstrated in the graph titled "Distribution of Gas Utilities Income" as shown on page 10, it is evident that these costs are a relatively small component of the rates paid by customers. Ironically, it is these costs which are the subject of much scrutiny at public hearings.

GENERAL

Effective February 1 and August 1, 1983 the cost of natural gas to each of the Provincial natural gas utilities changed in whole or in part for the following reasons:

1. Increases in the Alberta Border Price as set out in the Memorandum of Agreement between the Federal and Alberta Governments relating to Energy Pricing and Taxation dated September 1, 1981.

2. Increases (decreases) in Federal Excise Tax.

3. Increases in rates charged by TransCanada PipeLines Ltd. (approved by the National Energy Board).

4. Increases in the cost of propane (unregulated).

In Notices of Public Hearing, the Board notified the general public by way of newspaper publications and by way of Notice on the franchise-granting municipalities, that the utility serving their respective homes and areas applied to The Public Utilities Board to revise its rates for reasons mentioned above.

Intervention by the general public at these hearings continued and it is apparent to the Board that the public continues to be unaware of the specific reasons which precipitated the applications. The Applicant companies and the Board took the opportunity to advise the public that the reasons for the applications, as noted above, were beyond the control of the Companies and beyond the jurisdiction of the Board and that the Board's principal role on these occasions is to ensure that the adjustment to the price of gas was fair and equitable. On every occasion the Board assured itself that the Company's profits

were not enhanced whatsoever.

As provided in the Agreement between the Federal Government and the Province of Alberta, the Alberta Border Price for natural gas will continue to rise on February 1 and August 1 of each year until the year 1986.

GREATER WINNIPEG GAS COMPANY

The Company filed an application in January, 1983 requesting permission to pass on additional costs for gas arising as a result of the factors discussed under the heading "General". Due to the significance of the reduction in the Federal Excise Tax on natural gas, the net effect of the combined adjustments was a 6¢ per MCF increase in the cost of gas on annual basis which was expected to add to the average residential customer's annual heating costs approximately $8.42. In August, 1983 the Company filed a further application with the Board for similar reasons and indicated that if approved as submitted, it would decrease the average residential customer's annual heating costs by $5.20.

In Order Nos. 48/83 and 173/83 the applications were dealt with by the Board and were approved as requested.

On May 11, 12 and 13, 1983 the Board held public hearings respecting the Company's application for approval of its rate base based on a 1982 test year and for approval of a decrease in the overall rate of return from 13.14% to 13.12%. The Company further requested that the rate of return on common equity remain at 15.25%.

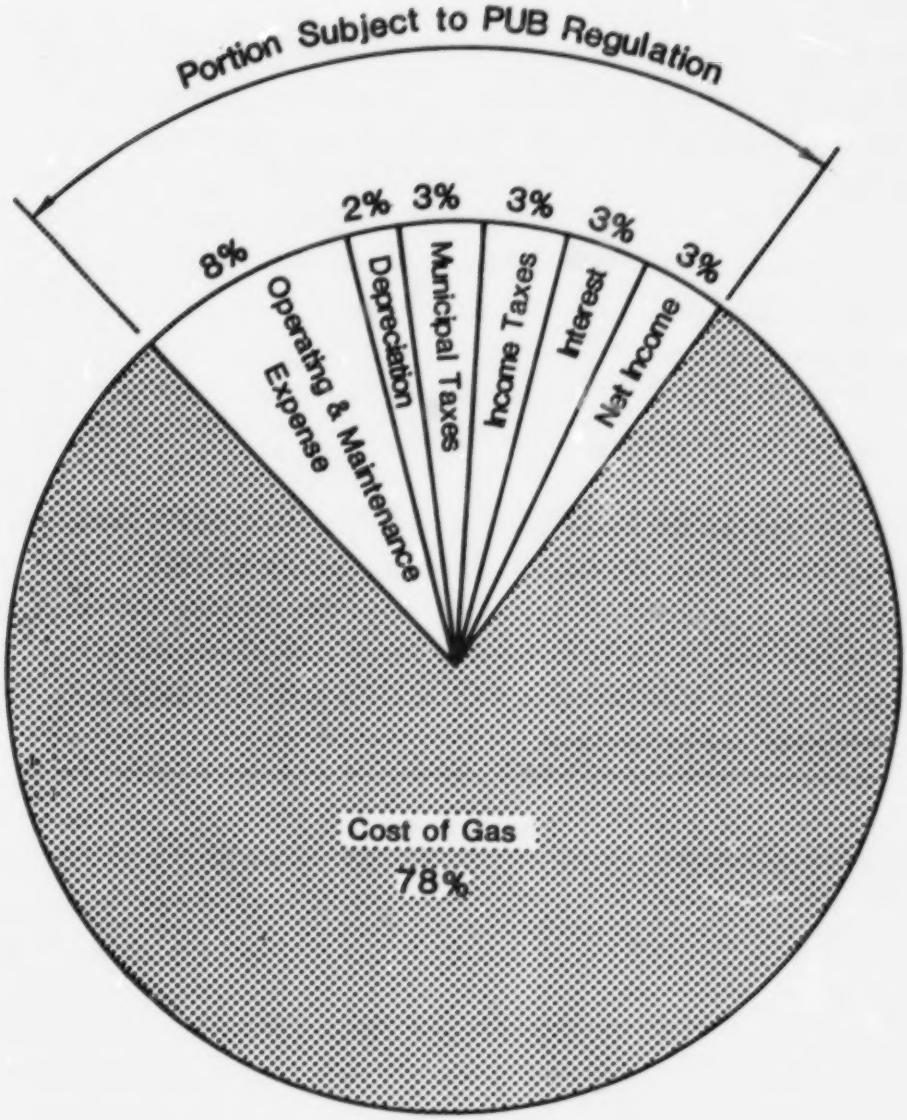
The Board heard the evidence of the Company and the Intervenors dealing with the cost of money and reasonable return on investment for such a utility and indicated in its Order No. 146/83 that it felt a reduction in the allowable rate of return was appropriate. It accordingly reduced the overall rate of return to 12.64% which provided for a return of 14.25% on common equity.

Following further adjustments in other aspects of the Company's application the total annual revenue requirement of the Company was adjusted downwards from $224,940,790 to $223,597,578.

It should be noted that $175,311,851 or 78.4% is directly attributable to the cost of gas. The effect of the increase in rates approved by the Board was to increase the average residential customer's heating bill by approximately $18 annually.

The awarding of costs to intervenors was once again raised. The Board noted its desire to prepare guidelines for discussion with intervenors, and sought input from those who are full-time parties to a hearing, to assist it in formulating such guidelines which will then be made known to all interested parties.

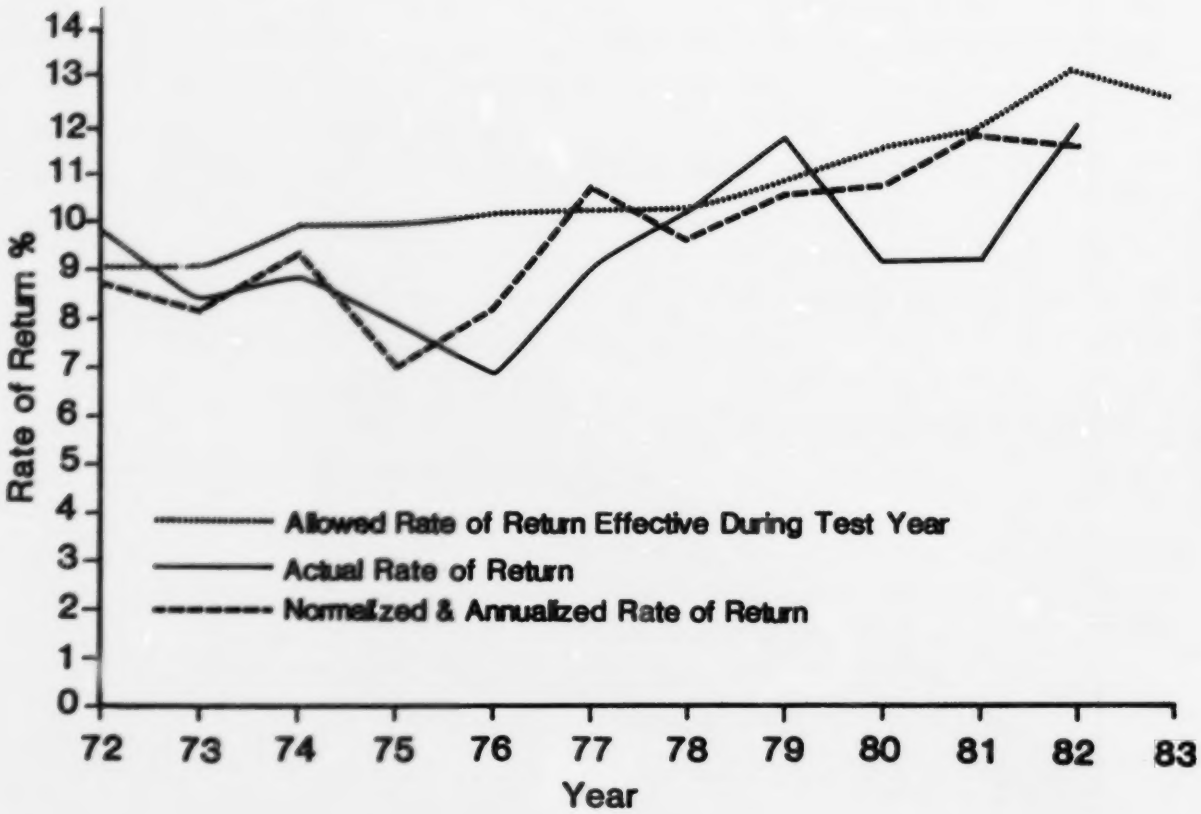
In an application dated December 1, 1983 the Company requested Board approval of a 20 year $8,000,000 principal amount of 13½% Series Debentures. In support of its application the Company indicated that this financing was intended to replace short term financing with long term debt of which approximately $7.7 million was attributable to plant development and expansion.



DECEMBER 1983

Cost of Gas Includes TransCanada Pipelines Limited Transportation Tolls, Federal and Alberta Government Taxes, Royalties, and Gathering System and Producer Costs.

GREATER WINNIPEG GAS COMPANY
Distribution of Gas Utility Revenue

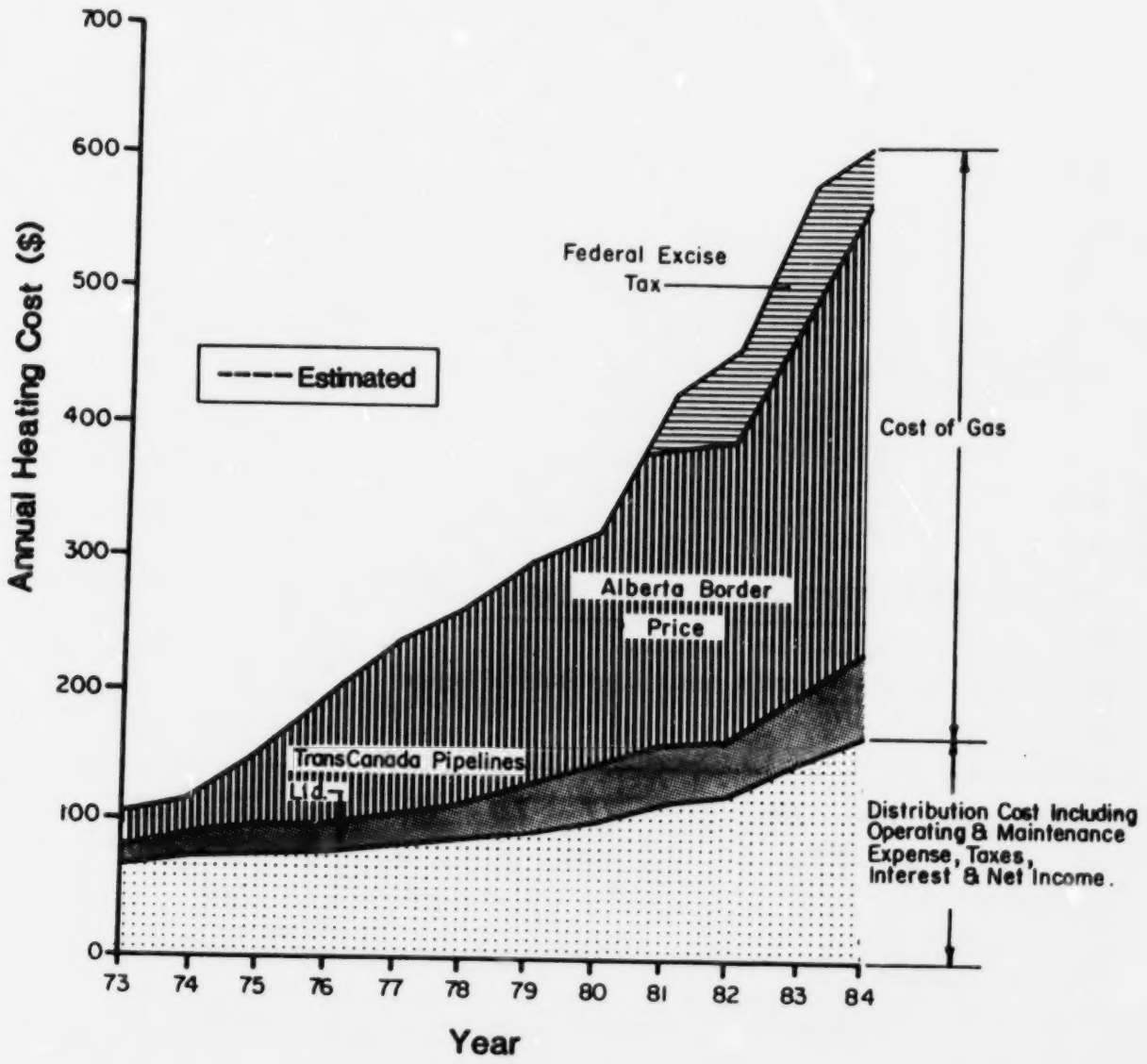


Notes. 1. Rate of Return is the Return Earned or Allowed to be Earned by a Utility Calculated as a Percentage of its Rate Base i.e. Investment in Property, Plant & Equipment.

2. Actual and Normalized Rates of Return for 1983 Were Not Available at Time of Printing.

GREATER WINNIPEG GAS COMPANY

Rate of Return on Rate Base



Based on Usage of 119 Mcf/Year Which Represents Only Space Heating. Hot Water Heating is Not Included. Due to Conservation Effects, Space Heating Consumption Has Declined From 142 Mcf/Yr. in 1975. At 1984 Rates, 142 Mcf Would Cost $718.

GREATER WINNIPEG GAS COMPANY

Annual Heating Cost of an Average Residential Customer

INTER-CITY GAS UTILITIES LTD.

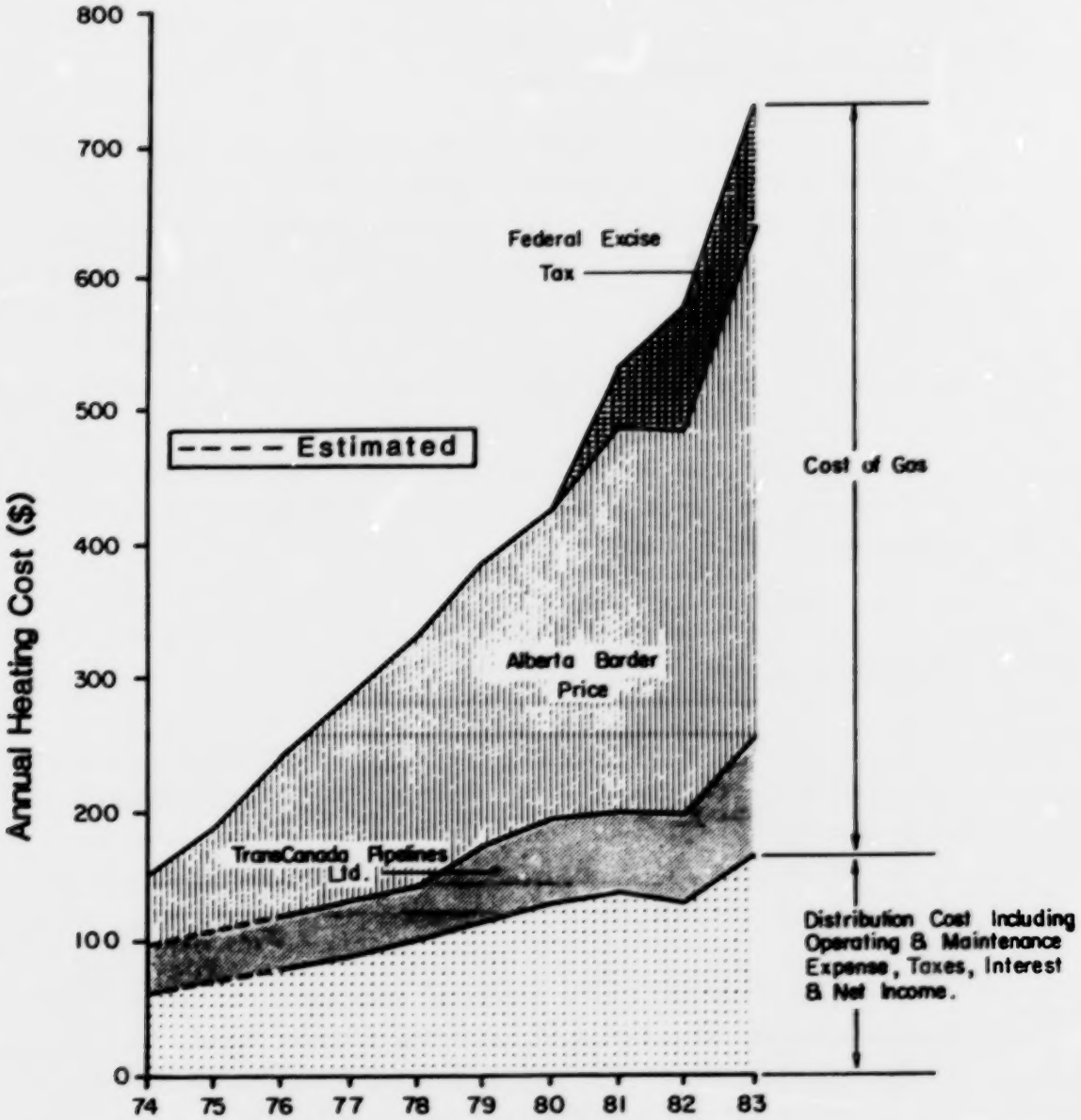
Inter-City Gas Utilities Ltd. applied to the Board on two occasions in 1983 for permission to increase the selling price of gas because of changes according to the Federal-Alberta Agreement; increased transportation costs paid to TransCanada PipeLines Limited and lastly to a reduction in Federal Excise Tax. The net effect on these applications was that the cost of gas increased 6.5¢/MCF on February 1, 1983 and decreased 5.7¢/MCF on September 1, 1983.

In Board Order Nos. 22/83 and 172/83 the Board dealt with the Company's applications and approved the pass-through of the changes in the cost of gas.

The Company did not apply for a change in rate base or rate of return during the year.

On November 7, 1983 the Board heard the Company's application for approval of debt financing, in accordance with Section 82(1)(f) of The Public Utilities Board Act. The Company indicated that the issuing of the 13½%, 10 year term $2,000,000 debenture would improve the funded debt ratio of its capital structure.

In Order No. 216/83 the Board questioned the timing of the Company's request in a period of declining interest rates. However, recognizing that the Company must be permitted to manage its own affairs, the Board approved the application subject to the conditions that the Company will not be permitted a corresponding increase in revenue requirements as a result of their application until September 15, 1985 and further subject to the allowed cost of this debt for rate-making purposes being determined after September 15, 1986.



Based on Usage of 150 Mcf / Year.

INTER-CITY GAS UTILITIES LTD.

Central Division

Annual Heating Cost of an Average Residential Customer

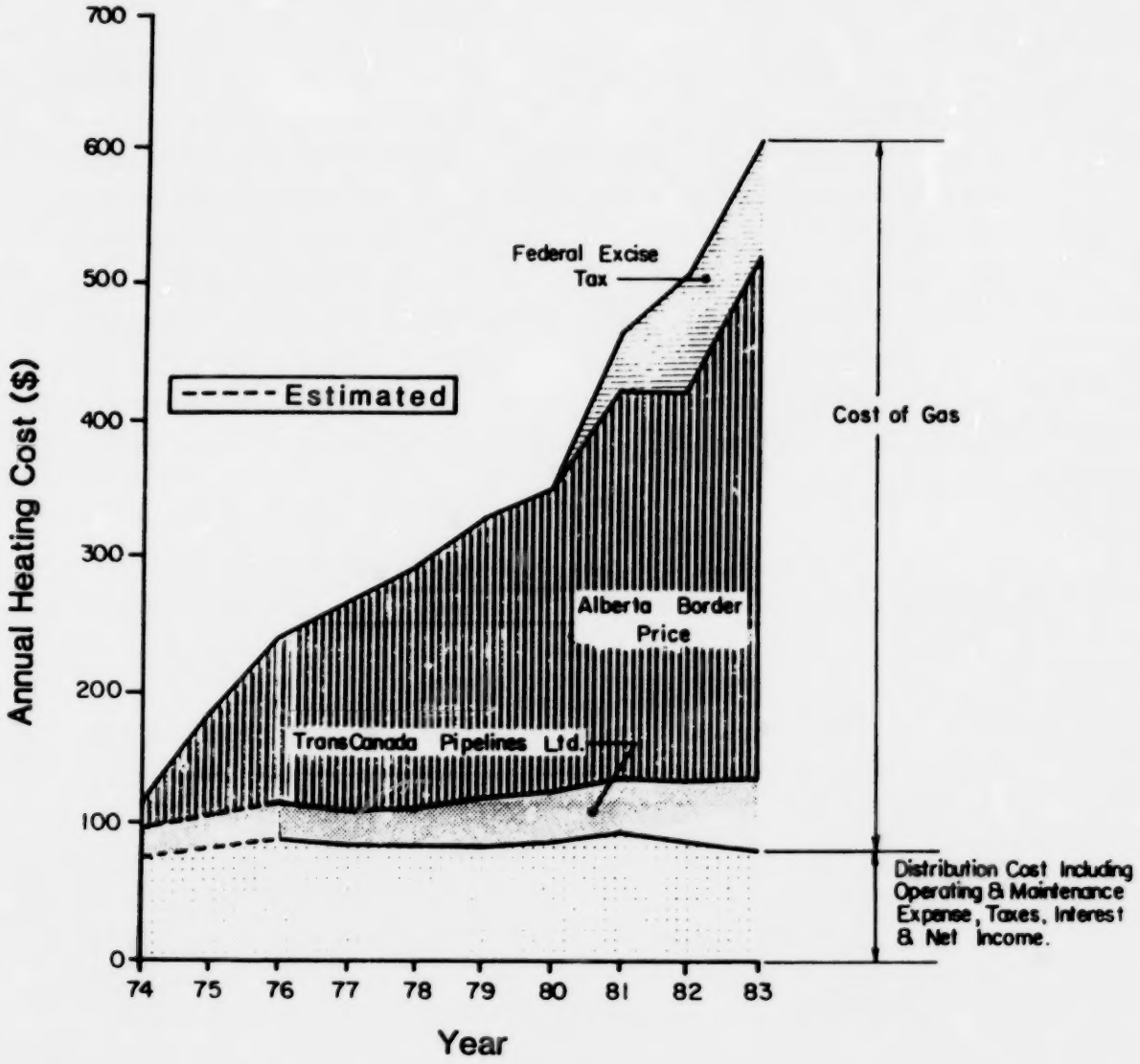
PLAINS-WESTERN GAS (MANITOBA) LTD.

Public hearings were held in the fall of 1982 to consider the Company's application for an order determining the rate base and rate of return for the 1981 test year. Board Order No. 13/83 approved various increases based on the application and directed the Company to submit appropriate schedules of rates. Before the schedule could be submitted, the Company made a further application to pass-on the increased cost of gas as discussed in the section titled "General". In its Order No. 49/83 the Board approved a revised schedule of rates which combined the pass-through with the rate base, rate of return, resulting in one increase on residential customers' billings effective March 1, 1983.

The Company appeared before the Board on June 22 & 23, 1983 with an application for an order determining the rate base, rate of return based on the 1982 test year.

The Company was seeking approval for an increase in its overall rate of return from 11.91% to 11.98% which incorporated an increase in the return on common equity from 14.64% to 15.37%. The Board stated in Order No. 170/83 that in the light of a trend in the industry towards a decrease in the rate of return, the allowable return on equity would be reduced to 14.50% with a resulting reductio in overall rate of return to 11.63%. The Company was further directed to file with the Board for its approval schedules of rates which considered the above directives with a pass-through of the decrease in the cost of gas dealt with in Order No. 171/83.

Board Order No. 178/83 approved revised rates flowing from Order Nos. 170/83 and 171/83.



Based on Usage of 150 Mcf / Year.

PLAINS-WESTERN GAS (MANITOBA) LTD.

BRANDON DIVISION

Annual Heating Cost of an Average Residential Customer

PROPANE GAS DISTRIBUTION UTILITY

STEELGAS UTILITIES OF MANITOBA LTD.

By letter dated May 26, 1983 a group of former employees of Steelgas Utilities Ltd. advised the Board pursuant to Section 82(1)(h) of The Public Utilities Board Act of its intention to buy the assets of the propane marketing and distribution business carried out in Manitoba by that Corporation.

In a hearing held on July 21, 1983 it was stated that the new company was to be known as Steelgas Canada Ltd. Its subsidiary company, Steelgas Utilities of Manitoba Ltd., was to be the owner of the propane distribution system regulated by the Board. Steelgas Canada Ltd. would continue to operate the non-regulated assets which includes the selling of bulk propane. Testimony was given that the Company would assume the obligation for all franchise agreements presently in effect and that the approval from the franchise operating municipalities including Thompson, Snow Lake and Flin Flon had been obtained.

The Board, in Order No. 167/83 expressed its concern over the continued economic viability of the regulated utility and noted that there has been a customer loss in the Thompson area as a result of lower energy costs for electricity and that if such loss should continue, the utility might ultimately become uneconomic. The Company replied that no change in propane rates were expected as a direct result of the change in ownership. The Board approved the transfer of assets to the Company.

A public hearing was convened in Thompson on October 19, 1983 to hear the Company's application to determine an initial rate base under the new ownership for the test year 1982. The Company proposed to use the 1982 year-end financial results of the former owner to determine its revenue requirements. The Company requested approval of a rate base of $1,502,674 which included the original cost of property and equipment purchased at August 1, 1982 less accumulated depreciation to August 1, 1983. The Company further requested that the allowed rate of return on rate base remain at 13.75%.

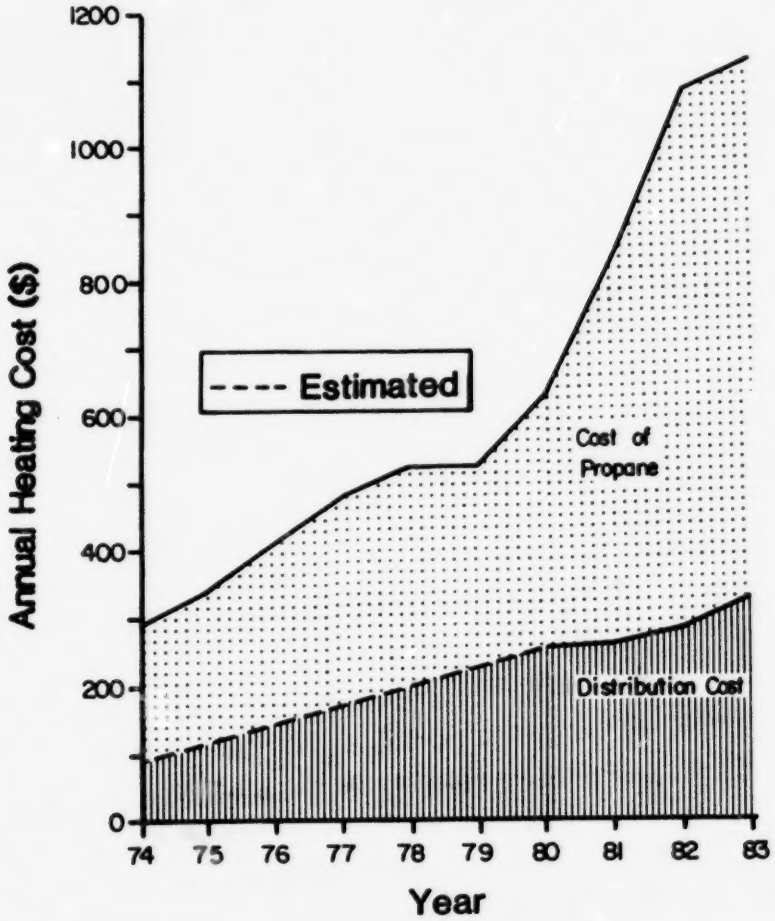
Having considered all the evidence, the Board in its Order No. 217/83 approved the Company's method of calculating rate base, and following various adjustments determined the value of the rate base to be $1,496,193. In the Board's view the allowed rate of return of 13.75% was high considering economic conditions and felt a reduction was appropriate. Accordingly, the Board approved a rate of return on rate base of 12.25%. The revenue requirement requested by the Company was reduced from $3,794,268 to $3,514,724.

The net effect of the adjustment made by the Board was to reduce the applied for increase on the average residential customers' heating bill from $168.00 or 14.9% to $84.00 or approximately one-half.

The Board noted that the Company was investigating the potential of distributing ethane as an alternative fuel at considerably less cost than propane. The Board expects to be advised of the results of this study.

The Company expressed concern over the high regulatory cost per customer, and requested the Board to consider distributing all of the Board's regulatory costs equally to all customers of the Manitoba

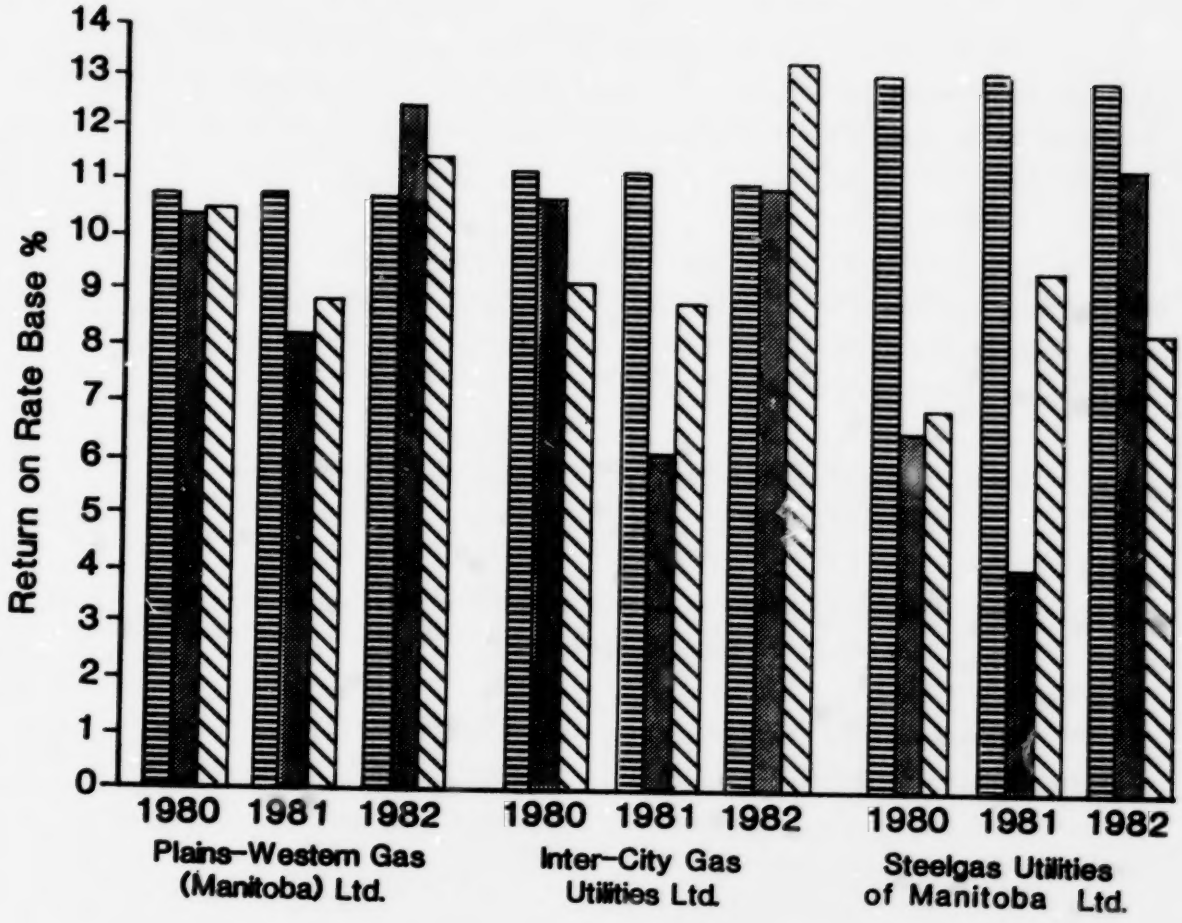
gas utilities. The Board noted that per capita regulatory costs were five times that of Inter-City Gas Utilities Ltd. and Plains-Western Gas (Manitoba) Ltd.



Based on Usage of 5100 litres per year.

STEELGAS UTILITIES OF MANITOBA LTD.

Annual Heating Cost of an Average Residential Customer



Note : Rate of Return is the Return Earned or Allowed to be Earned by a Utility Calculated as a Percentage of its Rate Base i.e. Investment in Property, Plant & Equipment.

MANITOBA GAS UTILITY COMPANIES

Rate of Return on Rate Base

THE MANITOBA TELEPHONE SYSTEM

During 1983 the Board issued 54 Orders relating to matters such as improvement of service, introduction of market trials and specific adjustments to items in The Manitoba Telephone System's (the System) General Tariff.

On June 7, 8 and 9, 1983 in Winnipeg and on June 14, 1983 in Dauphin, the Board held public hearings to hear the application of the System for an Order or Orders for the approval in part of the following:

(a) Proposed Changes in Various Rates for Items in the General Tariff;

(b) Proposed Extension of the Trial Period for the Grassroots Project to February 29, 1984.

Subsequent to the application, the Board notified the System of its intention to examine in detail the System's General Regulations which are set out in the General Tariff and which form part of the System's Terms and Conditions of Service.

The System in its application indicated that if the rates presently in force were to continue, the resultant loss for 1983/84 would be $7.8 million. The rates proposed by the System were intended to achieve a net income of $2.3 million. The Board examined the proposed revenue increases considering the impact such increases would have on the subscribers and determined that the rate adjustment requested was necessary to prevent a loss and further to maintain the existing debt ratio. To recover the anticipated revenue deficiency the

System proposed increasing the residential individual line service rates for each rate group by a fixed amount of $0.45. This would have resulted in a 6.7 percent increase in rates for Rate Group 9 (Winnipeg subscribers) and a 11.3 percent for the Rate Group 1 (rural subscribers). For the business service the System proposed a $0.90 fixed dollar increase to each rate group and this approximated a 6.0 to 13.7 percent in the aforementioned rate groups respectively. In Order No. 147/83 the Board expressed its concern with the fixed dollar increase method proposed by the System with respect to the residential class of customer and accordingly directed that the allowed increase to all residential rate groups be 6.7 percent of existing rates. The proposed business service rate was not changed.

The System introduced and the Board approved a message charge of 6¢ which is to apply to each long distance call in addition to all other applicable rates. This charge is intended to recover a portion of the non-distance sensitive costs such as the billing, administration and switching setup of each call.

The "Grassroots Project" trial which provides Telidon service to Manitobans was permitted to continue to February 29, 1984.

The Board in Order No. 186/83 ordered the System to change or amend parts of its General Regulations which included in part provisions for the collection of late payment charges.

THE LIQUOR CONTROL COMMISSION

Six Orders were issued relating to applications of The Liquor Control Commission (the Commission) pursuant to Sections 20(3) and 20(4) of The Liquor Control Act.

On January 21, 1983 the Board heard the Commission's application to permit Carling O'Keefe Breweries of Canada Limited to introduce two-dozen bottle cartons of all brands of beer for off-premise consumption, at the current prices being paid the other brewers. The Board approved the application in Order No. 9/83.

On April 11, 1983 the Board held a public hearing to hear the Commission's application to the Board for a general increase in the wholesale price of beer paid by the Commission to all Manitoba Breweries. The Commission noted that the rate of return on investment for the industry is projected to decline in 1983 to 10.1% compared to the 13.7% projected earlier and that the requested price increases of the brewers was expected to bring a rate of return of approximately 8.0% in 1984. Such a rate of return was found inadequate by the Commission to ensure in the long-term a viable brewing industry in Manitoba. In its review the Board examined manufacturing, distribution, head office and marketing costs. After considering all the evidence the Board approved the proposed price increases in order to maintain reasonable returns to the industry.

On August 25, 1983, the Board issued Interim Ex Parte Order No. 175/83 approving the request by the Commission to pass on the annual Federal Excise Tax Adjustment.

On November 7, 1983 and December 7, 1983 the Board held separate public hearings to hear the Commission's application for the approval of 2 three-month trials for the sale at reduced prices of selected product offerings by two Manitoba Breweries. The Board approved the applications on November 9 and December 8, 1983 in Order Nos. 206/83 and 218/83 respectively.

THE MUNICIPAL ACT

WATER AND SEWER UTILITIES

There were a total of 101 Board Orders issued by the Board respecting applications filed with the Board by local municipal authorities, as set out below:

(i) 48 applications pursuant to Section 563 of The Municipal Act which requested approval and authorization for method of recovery pertaining to the following: one utility operating deficit for the year ended December 31, 1981, 35 utility operating deficits for the year ending December 31, 1982 and 6 anticipated revenue deficits for 1983. There was 1 application for approval of an additional revenue deficit above an amount initially requested for the year ended December 31, 1980, and 5 additional revenue deficits for the year ended December 31, 1982. In respect of the aforesaid 48 applications, Orders were issued authorizing same.

(ii) 43 applications for revisions, amendments or establishment of rates were processed and Orders were issued authorizing same. Board guidelines which have been prepared and distributed to local authorities were applied wherever possible to assist them with their rate design and to ensure that sufficient revenue would be provided to cover normally anticipated expenses plus an adequate contingency allowance. Applications were handled

by hearing or Returnable Date Notice. In all cases the municipalities and affected customers were served appropriate notice.

(iii) 9 applications for establishment of utility reserve funds and one application amending a utility reserve fund by-law pursuant to Section 569 of The Municipal Act were processed and Orders issued to authorize the creation of or amendment to the reserve funds.

The Board authorized 18 requests by municipalities to make expenditures from their utility reserve funds established under Section 569 of The Municipal Act for miscellaneous purposes relating to the operations of the utilities.

The Board and its staff maintained continuous contact with applicant municipalities and others contemplating changes and seeking guidance in the preparation of their applications. Board staff met frequently with municipal representatives to assist them and to ensure that applications were filed in the form prescribed by the Board, pursuant to statute. In most instances, these applications required the preparation of a rate study, and when necessary, public hearings were held in the applicant municipalities.

Note: The Board's general guidelines were introduced in 1977 to assist an applicant municipality in the preparation of an application and supporting rate study, for the approval of rate increases only, or for the establishment of utility rates. The Board considers that the guidelines continue to assist substantially all municipalities by ensuring clarity and equity in respect of customer classifications, metered and unmetered customer services.

STREET LIGHTING CONTRACTS

Thirty-five applications were received by the Board for approval of street lighting contracts entered into by the Municipalities and Manitoba Hydro, following the expiration of existing 5 year agreements.

A recent amendment to The Municipal Act removed the Board's jurisdiction with respect to the approval of street lighting contracts entered into by a Municipality with Manitoba Hydro.

THE HIGHWAYS PROTECTION ACT

Pursuant to Section 21 of The Highways Protection Act the Board issued 10 Orders respecting appeals of the decision of The Highway Traffic Board. All of these applications dealt with the structures or access driveways located within a controlled area adjacent to a highway designated by regulation of The Highway Traffic Board as a Limited Access Highway.

The Board Orders dealt with 6 access driveways, 1 sign, 2 buildings and one flagpole. Eight of the 10 appeals were dismissed and 2 were allowed.

It should be noted that a public hearing is held by the Board in response to each appeal application under The Highways Protection Act. In some instances hearings are reconvened to permit further evidence to be presented to the Board and occasionally on-site inspections are required.

THE PREARRANGED FUNERAL SERVICES ACT

As administrators of The Prearranged Funeral Services Act, the Board is responsible for licensing companies selling prearranged funeral plans and for ensuring that the operations of these firms conforms to statutory requirements.

In 1983, the Board issued 26 licences, 24 of which were renewals. The Board approved 2 applications for initial licence. Fifteen applications for approval of revisions in fees for services, as well as 2 applications for initial approval in fees and services were approved.

The Board continued to review and monitor the annual reports filed by the licensees and their trustees in respect of the prearranged funeral plans being sold and the contracted funds maintained in trust.

THE CEMETERIES ACT

During the year the Board issued renewal licences for the operation of 9 cemeteries, 7 columbariums, 3 mausoleums and 5 crematories. Fifty-two licences to sell were issued either to owners or to sales personnel. In addition, 7 applications, each for a revision in a schedule of fees for spaces, materials, and services were authorized.

The Board continued to monitor the maintenance and "passing of accounts by a Judge of the Surrogate Court" in respect of perpetual care funds collected and deposited in a trust fund with an authorized trustee pursuant to The Cemeteries Act. During the year, passing of accounts was completed for 3 cemeteries.

CABLEVISION

On September 24, 1982 the Board received an application from the Greater Winnipeg Cablevision Limited (the Company) for an adjudication of rates as provided for in the Canada/Manitoba Agreement dated November 10, 1976 and as outlined in Order-in-Council 841/78 for the use of Manitoba Telephone System coaxial cable facilities in order that the Company might provide Pay Television service to subscribers in their licensed area, scheduled to commence February 1, 1983. At the time the application was made, the Company recognized that if the Board entertained the application, the Order must be conditional upon the Company obtaining a licence from the Canadian Radio-Television and Telecommunications Commission (C.R.T.C.) for provision of Pay Television Service.

On November 22, 1982 the Greater Winnipeg Cablevision Company Limited was advised that the application had been rejected by the Board as the resolution of the dispute would have no force and effect without (prior) authorization from the C.R.T.C. licensing Greater Winnipeg Cablevision Limited for pay-television programming.

This action by the Board was challenged and the Company applied to the Courts for an Order of Mandamus compelling The Public Utilities Board to receive and hear the application filed by the Company and to proceed to adjudicate the dispute between the Manitoba Telephone System and the Company pursuant to Order-in-Council No. 841/78. It was the decision of the Court of Queen's Bench for Manitoba dated December 17, 1982 that the Board was correct in declining to exercise jurisdiction.

The decision of the Court of Queen's Bench was appealed by the Company to the Court of Appeal and subsequently dismissed in a decision

delivered on July 27, 1983.

While these proceedings were being carried out, the Manitoba Telephone System applied to the Board on January 13, 1983 pursuant to Order-in-Council 1470/82 for an Order or Orders determing the following matters:

1. An increase in the existing $.79 per hundred feet of coaxial cable, as provided for in Article 7, pursuant to the formula outlined by The Public Utilities Board in its Order No. 157/80 and reflecting cost increases for providing basic Cable TV since 1981; said increase in rates to be effective June 1, 1983.

2. Introduction of penetration dependent rates for basic CATV service, effective June 1, 1984; said rates to reflect a 3-year network rebuild to commence June 1, 1984 and to be determined in accordance with Article 3 of said Order-in-Council No. 1470/82.

3. Establishing a penetration dependent Pay-TV signal delivery rate, effective February 1, 1983, based upon percentage of potential subscribers served as well as number of Pay-TV channels supplied by MTS to Greater Winnipeg Cablevision Limited.

4. Recognizing that The Manitoba Telephone System must own or control all network security and control devices attached to its facilities and apparatus, unless excepted by mutual agreement, establish a Pay-TV network security tariff. As Greater Winnipeg Cablevision Limited has not identified its security requirements to MTS, the System is unable to complete its design of the security network in order to establish these rates at this time.

The Board arranged the matter to be heard at a public hearing scheduled for March 28, 29 and 30, 1983. On March 15, 1983 the Company requested that the Board adjourn its scheduled hearings on the basis that the Court of Queen's Bench decision was being appealed and furthermore, an Originating Notice of Motion has been filed challenging the validity of Order-in-Council 1470/82.

On March 17, 1983 The Manitoba Telephone System agreed to the adjournment of the hearing scheduled for March 28, 29 and 30, 1983 in order that the Court may determine the jurisdiction of The Public Utilities Board under the Order-in-Council in dispute. On March 21, 1983 the Board gave official notice to The Manitoba Telephone System and the Company that the hearing was adjourned.

On November 21, 1983, Winnipeg Videon Incorporated (Videon) applied to the Board, pursuant to the provisions of a Principles Agreement, which provided for Videon and The Manitoba Telephone System to forward any unresolved matters relating to their finalization of the Replacement Agreement for the "Coaxial Cable Distribution System Agreement" executed in 1967. The Board in its letter of December 22, 1983 advised Videon that any dispute of the nature referred to in the Principles Agreement should fall under Order-in-Council 1470/82 and not the Principles Agreement and unless specific direction is given to the Board pursuant to the Principles Agreement the application before the Board could not be heard unless Videon files under Order-in-Council 1470/82. No further action has been made before the Board in this regard.

REVENUE

Most costs incurred by the Board in carrying out its operations were substantially recoverable from the utilities and agencies under its jurisdiction or making application for its service. The 1983 Revenue collected was as follows:

Public Utilities	$577,807.02
The Prearranged Funeral Services Act	650.00
The Cemeteries Act	5,610.00
The Highways Protection Act	225.00
	$584,292.02

These data covers actual receipts only for the period covered by this Report, ending December 31, 1983; receipts after that date will be recorded for the subsequent year.